

FISCAL NOTE

HB 2614 - SB 2657

February 15, 2006

SUMMARY OF BILL: Authorizes counties ranking in the second quartile of county economic distress in the United States for fiscal year 2006, and those bordering on, or crossed by the Tennessee River, the option of electing to become a Tennessee River Resort District (TRRD) for the purposes of being allocated a 4.5925% share of actual state sales and use tax revenue collected and remitted by dealers within the boundaries of such district in lieu of a 4.4194% allocation based on population. Requires the Commissioner of the Department of Economic and Community Development (ECD) to publish a supplemental map identifying those counties ranking in the first or second quartile of county economic distress in the United States for fiscal year 2006 no later than thirty days after this act becomes a law.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$8,250 One-Time

Other Fiscal Impact – The fiscal impact of this bill is dependent on the allocation elections of five counties and seven incorporated cities. As written, all five counties (Humphreys, Marion, Perry, Rhea, and Stewart) and one city (Kimball) would benefit by electing to take the special allocation as a TRRD. To the extent each takes the special allocation, state revenues would decrease by approximately \$1,500,000 with a corresponding increase in local government revenues of approximately \$1,500,000.

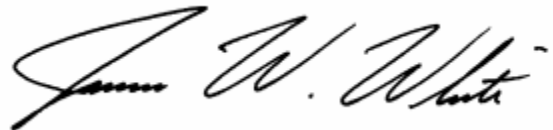
Assumptions:

- Criteria for inclusion within the first or second quartile of county economic distress shall be based on the three-year average unemployment, per-capita market income, and the poverty rate.
- According to ECD, five counties would fall into the second quartile of county economic distress and could elect TRRD status: Humphreys, Marion, Perry, Rhea, and Stewart.
- In addition, seven incorporated cities within the five counties could elect TRRD status: New Johnsonville, South Pittsburg, New Hope, Kimball, Jasper, Spring City, and Dayton.
- According to the Department of Revenue (DOR), all five counties identified would benefit by electing TRRD status, but only one incorporated city (Kimball) would benefit.

- Fiscal impact of this bill is dependent upon the election decisions made by the counties and incorporated cities that qualify.
- According to the DOR, if the special elections are taken by those that would benefit each of the five counties and the City of Kimball would receive an additional amount of revenue estimated as follows: Humphreys County, \$295,000; Perry County, \$74,000; Rhea County, \$469,000; Stewart County, \$131,000. Marion County would receive \$595,000 if Kimball does not elect, or \$349,000 if it does elect. If Kimball elects, it would receive \$164,000.
- To the extent, all five counties plus the City of Kimball elect TRRD status, state revenues would decrease by approximately \$1,500,000 (\$295,000 + \$74,000 + \$469,000 + \$131,000 + \$349,000 + \$164,000 = \$1,482,000).
- Local government revenues would increase by the same amount.
- Software modifications required by the DOR are estimated to be a one-time state expenditure of \$8,250.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director